

Message Text

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PAGE 01 PARIS 25405 01 OF 02 252047Z

64

ACTION EUR-12

INFO OCT-01 AF-04 ISO-00 TRSE-00 NEA-06 ARA-06 EA-06 IO-04

SWF-01 AID-05 IGA-01 FEA-01 INT-05 OES-02 SP-02 EB-04

NSC-05 RSC-01 CIEP-01 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03

LAB-01 SIL-01 L-01 H-01 PA-01 PRS-01 USIA-06 /108 W

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R 252034Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3605

INFO AMEMBASSY ABIDJAN

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PASS TREASURY FOR ZINMAN

E.O. 11652: N/A

TAGS: EFIN, EAID, XA

SUBJECT: AFRICAN DEVELOPMENT FUND (AFDF): OCT 24 DONORS'
MEETING IN PARIS

1. MEETING ATTENDED BY PRESENT STATE PARTICIPANTS IN
AFDF PLUS TEN OBSERVER DELEGATIONS WHICH IN ADDITION
USG INCLUDED ABU DHABI, ARGENTINA, AUSTRALIA, AUSTRIA,
FRANCE, GABON, ITALY, KUWAIT AND VENEZUELA. FRENCH MIN
FIN FOURCADE MADE WELCOMING SPEECH IN WHICH HE ANNOUNCED
THAT GOF, IN VIEW PRESENT ECONOMIC DIFFICULTIES, HAD
DECIDED CONCENTRATE ITS EFFORTS ON BILATERAL ASSISTANCE
PROGRAM AND WOULD NOT BE ABLE PARTICIPATE IN FUND.
AUSTRALIA NOTED ITS AID CONCENTRATED IN ASIA BUT IT
WISHED TO SHOW INTEREST IN AFDF AND WOULD CONSIDER
FUTURE PARTICIPATION. GABON REFERRED TO ITS SPECIAL
LEGAL POSITION AS AFDF MEMBER BUT IT WAS INVITED AS OIL
PRODUCER. ITALY SAID IT HOPED FOR EARLY PARLIAMENTARY

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PAGE 02 PARIS 25405 01 OF 02 252047Z

APPROVAL OF ITS CONTRIBUTION. KUWAIT MERELY NOTED IT HAD

SEPARATE FUND AND WAS ENGAGED IN TALKS WITH AFDB. VENEZUELA SAID IT INTENDED TO CONTRIBUTE TO FUND. USG DELEGATION PROVIDED SITREP OF PRESENT CONGRESSIONAL CONSIDERATION OF AFDF BILL.

2. MAIN THRUST OF LABIDI PRESENTATION WAS TO INDICATE 67.5 MILLION UNITS OF ACCOUNTS (UA) RESOURCE GAP IN AFDF PRESENT PROGRAM THROUGH JUNE 1976, RESULTING FROM INFLATION, SUDANO-SAHELIAN DROUGHT, AND PARTICULARLY DIFFICULT SITUATION OF LDC'S. LABIDI QUANTIFIED LENDING PROGRAM THROUGH JUNE 1976 AT 180 MILLION UA FOR WHICH PRESENT CONTRIBUTIONS COVERED ONLY 80 MILLION UA TO WHICH COULD BE ADDED 7.5 MILLION UA FROM FRG AGREEMENT TO DOUBLE ITS CONTRIBUTION; ADDITIONAL 3 MILLION UA AGREED CONTRIBUTION FROM SWITZERLAND, AND POTENTIAL 22 MILLION UA FROM ITALY AND USG. RESIDUAL 67.5 MILLION UA OR ABOUT US\$74 MILLION (USING 1.11 CONVERSION RATE) SHORTFALL MUST BE MET OR LENDING PROGRAM WOULD HAVE TO BE CUT BACK.

3. FUND CONTRIBUTORS GENERALLY RESPONDED BY COMPLIMENTING AFDF'S LOAN AND PROJECT IDENTIFICATION PERFORMANCE TO DATE NOTING THAT PROJECT PIPELINE AS OF OCTOBER 1974 ALREADY TOTALED 212 MILLION UA. THEY ACCEPTED NEED FOR REPLENISHMENT; AND CALLED FOR EARLY INITIATION OF NEGOTIATIONS TO THAT END. SEVERAL CONTRIBUTORS NOTED BUDGETARY IMPOSSIBILITY OF FURTHER INCREASES IN CONTRIBUTIONS PRIOR JUNE 1976 AND FORESAW EXPANDED MEMBERSHIP, PARTICULARLY FROM OIL PRODUCERS, AS MAJOR VEHICLE FOR COVERING CURRENT PERIOD SHORTFALL. CANADA, SWEDEN, DENMARK AND UK, ESS TO DISCUSS INCREASE IN EXISTING CONTRIBUTIONS FOR PERIOD PRIOR JUNE 1976. UK SUGGESTED THAT CONTRIBUTION INCREASE OF MEMBERS SHOULD BE RELATED TO EFFECTIVENESS OF AFDF IN OBTAINING NEW RESOURCES OUTSIDE CURRENT MEMBERSHIP. USG DELEGATION PRIVATELY INFORMED THAT

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PAGE 01 PARIS 25405 02 OF 02 252057Z

64

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AFDB STAFF DOES NOT EXPECT ANY INCREASE IN PROPOSED
ITALIAN AND USG CONTRIBUTIONS FOR CURRENT PERIOD.

4. IN ANSWER SPECIFIC SWEDISH QUESTION ON PROJECTED
DISBURSEMENT RATE, LABIDI STATED AFDF EXPECTS ALL
PRESENTLY APPROVED PROJECTS WILL BE 40 PERCENT DISBURSED
BY END CY 1975 WHICH HE CLAIMED COMPARES FAVORABLY WITH
OTHER MULTINATIONAL DEVELOPMENT INSTITUTIONS.

5. IN PRIVATE MEETING WITH USG DELEGATION, LABIDI
INDICATED AFDB PARTICULARLY INTERESTED IN USG MEMBERSHIP
IN AFDF PRIOR TO DEC 31, 1974 AS ORIGINAL PARTICIPANT
AND PREPARED BE AS FLEXIBLE AS POSSIBLE TO ACCOMMODATE
USG. WITH REGARD POSSIBILITY, IF HOUSE AUTHORIZATION
OBTAINED, FOR USG SIGNATURE SUBJECT TO APPROPRIATION,
LABIDI SAID HE PREPARED ASK CONTINGENCY APPROVAL ANY
FORMULATION USG MIGHT BE WILLING PROVIDE AT DIRECTORS'
LAST MEET IN CY 1974 ON NOV 26. WITH DIRECTORS' CON-
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PAGE 02 PARIS 25405 02 OF 02 252057Z

TINGENCY APPROVAL, HE COULD THEN ACCEPT USG SIGNATURE
WITH RESERVATIONS THROUGH END DECEMBER.

6. UK PROPOSED MEMBERS-ONLY MEETING IN LATE DECEMBER TO
DISCUSS INCREASES IN CURRENT PERIOD CONTRIBUTIONS. AFDF
PRESIDENT BEN SLIMANE INVITED PARTICIPANTS AND OBSERVERS
TO MEETING ON POST-JUNE 1976 REPLENISHMENT TO BE
SCHEDULED SOMETIME DURING FIRST TWO WEEKS OF FEBRUARY IN
MOROCCO.
STONE

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